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9
10 **UNITED STATES BANKRUPTCY COURT**
11 **NORTHERN DISTRICT OF CALIFORNIA**
12 **SAN FRANCISCO DIVISION**

13 **In re:**

14 **PG&E CORPORATION,**

15 **- and -**

16 **PACIFIC GAS AND ELECTRIC**
17 **COMPANY,**

18 **Debtors.**

19 Affects PG&E Corporation
20 Affects Pacific Gas and Electric Company
21 Affects both Debtors

22 * *All papers shall be filed in the Lead Case,*
23 *No. 19-30088 (DM).*

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Case No. 19-30088 (DM)
Chapter 11
(Lead Case)
(Jointly Administered)

**DEBTORS' MOTION PURSUANT TO FED. R.
BANKR. P. 4001(d) TO APPROVE
STIPULATION BETWEEN PACIFIC GAS
AND ELECTRIC COMPANY AND RICHARD
TROCHE, ROBERT RIGLEY, STEVE
FREDIANI, AND MICHAEL DION FOR
LIMITED RELIEF FROM THE AUTOMATIC
STAY**

Objection Deadline: April 30, 2020
4:00 p.m. (Pacific Time)

**No hearing requested absent timely objection. If
timely objection is filed, hearing reserved for:**

Date: May 27, 2020
Time: 10:00 a.m. (Pacific Time)
Place: United States Bankruptcy Court
Courtroom 17, 16th Floor
San Francisco, CA 94102

1 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the
2 “**Utility**”, and together with PG&E Corp., the “**Debtors**”), as debtors and debtors in possession in
3 the above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this Motion (the
4 “**Motion**”), pursuant to section 362(d) of title 11 of the United States Code (the “**Bankruptcy
Code**”), Rule 4001(d) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”),
5 and Rule 4001-1 of the Bankruptcy Local Rules for the United States District Court for the
6 Northern District of California (the “**Bankruptcy Local Rules**”), for approval of an agreement
7 between the Utility, on the one hand, and Richard Troche, Robert Rigley, Steve Frediani, and
8 Michael Dion (collectively, the “**Prospective Plaintiffs**”, and together with the Utility, the
9 “**Parties**”), on the other hand, as embodied in the *Stipulation Between Pacific Gas and Electric
Company and Richard Troche, Robert Rigley, Steve Frediani, and Michael Dion for Limited
Relief from the Automatic Stay* (the “**Stipulation**”), a true copy of which is attached hereto as
10 **Exhibit A**, by issuance of an order in the form attached hereto as **Exhibit B** (the “**Proposed
Order**”).

11 In support of the Motion, the Debtors submit the Declaration of Theodore E.
12 Tsekerides (the “**Tsekerides Declaration**”), filed contemporaneously herewith.
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MEMORANDUM OF POINTS AND AUTHORITIES

I. JURISDICTION

The Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334, the *Order Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.), and Bankruptcy Local Rule 5011-1(a). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

The Debtors filed these Chapter 11 Cases on January 29, 2019. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in either of the Chapter 11 Cases. The Debtors' Chapter 11 Cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

III. THE STIPULATION

The Prospective Plaintiffs each seek to commence individual lawsuits (collectively, the “**Prospective Lawsuits**”, and each individually, a “**Prospective Lawsuit**”) in the Superior Courts of the State of California (the “**State Courts**”) in order to pursue their respective claims against the Utility allegedly arising out of the Utility’s termination of their employment. *See* Tsekerides Decl. ¶ 5. The Prospective Plaintiffs are each separately also currently engaged in grieving their dismissals under contractually-mandated dispute resolution procedures provided for in the current collective bargaining agreement (“**CBA**”) between the Utility and the International Brotherhood of Electrical Workers, Local 1245 (the “**Union**”). *See* Tsekerides Decl. ¶ 5.

Pursuant to section 362(a) of the Bankruptcy Code, the automatic stay prohibits the Prospective Plaintiffs from commencing the Prospective Lawsuits. The Prospective Plaintiffs have requested that the Utility agree to modify the automatic stay in order to allow them to commence their Prospective Lawsuits, and have stated their intent to move before the Court for relief from the automatic stay if an agreement with the Debtors cannot be reached. *See* Tsekerides Decl. ¶ 6. The Debtors believe it is in the best interest of their estates to avoid the burden and cost that would be associated with opposing such motions for relief from the automatic stay. *See* Tsekerides Decl. ¶ 6.

1 The Parties have thus agreed, pursuant to section 362(d) of the Bankruptcy Code, to
2 seek modification of the automatic stay for the limited purpose of allowing the Prospective Plaintiffs to
3 commence and prosecute their individual Prospective Lawsuits and liquidate their claims, including for
4 the purpose of the determination, but not the collection, of any money judgments in such proceedings.

5 The Parties have further agreed that, unless and until further order of the Court, the
6 automatic stay shall continue to apply to the enforcement of any money judgments awarded in the
7 Prospective Lawsuits, and that, absent further order of the Court and for good cause shown, the
8 Prospective Plaintiffs each shall seek to recover any such money judgment only through the claims
9 process in these Chapter 11 Cases and in accordance with any plan of reorganization confirmed in
10 these Chapter 11 Cases.¹

11 **IV. BASIS FOR RELIEF REQUESTED**

12 Limited relief from the automatic stay as provided in the Stipulation is appropriate
13 under section 362 of the Bankruptcy Code. Section 362(d)(1) authorizes a court to modify or
14 terminate the stay for “cause.” “Cause” for purposes of granting relief from stay “has no clear
15 definition and is determined on a case-by-case basis.” *Christensen v. Tucson Estates, Inc. (In re*
16 *Tucson Estates, Inc.)*, 912 F.2d 1162, 1166 (9th Cir. 1990) (citation omitted). In determining whether
17 such cause exists to permit an action to proceed in a non-bankruptcy forum, courts analyze the twelve
18 factors set forth in *In re Curtis*, 40 B.R. 795 (Bankr. D. Utah 1984); *see also In re Roger*, 539 B.R.
19 837, 844-45 (C.D. Cal. 2015); *In re Howrey LLP*, 492 B.R. 19, 24 (Bankr. N.D. Cal. 2013); *In re*
20 *Plumberex Specialties Prods., Inc.*, 311 B.R. 551, 559 (Bankr. C.D. Cal. 2004). The twelve *Curtis*
21 factors are: (1) whether the relief will result in partial or complete resolution of issues; (2) the lack of
22 any connection with or interference with the bankruptcy case; (3) whether the foreign proceeding
23 involves the debtor as a fiduciary; (4) whether a specialized tribunal has been established to hear the
24 particular cause of action and whether the tribunal has expertise to hear such cases; (5) whether the
25 debtor’s insurance carrier has assumed full financial responsibility for defending the litigation;

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27 ¹ Each of the Prospective Plaintiffs has timely filed in these Chapter 11 Cases proofs of claim relating
28 to their claims against the Utility. *See* Claim No. 68867 (Richard Troche), Claim No. 77331 (Robert
Rigley), Claim No. 62282 (Steve Frediani), Claim No. 77268 (Michael Dion).

(6) whether the action essentially involves third parties, and the debtor functions only as a bailee or conduit for the goods or proceeds in question; (7) whether the litigation in another forum would prejudice the interests of other creditors, the creditors' committee and other interested parties; (8) whether the judgment claim arising from the foreign action is subject to equitable subordination; (9) whether movant's success in the foreign proceeding would result in a judicial lien avoidable by the debtor under section 522(f); (10) the interests of judicial economy and the expeditious and economical determination of litigation for the parties; (11) whether the foreign proceedings have progressed to a point where the parties are prepared for trial; and (12) the impact of the stay and the "balance of hurt."

In the Court's recent *Memorandum Decision Regarding Motion for Relief From Stay*, dated Feb. 25, 2020 [Dkt. No. 5893] (the "**Hearn Decision**"), it granted Todd Hearn's ("**Hearn**") *Motion for Relief from Automatic Stay*, dated Nov. 20, 2019 [Dkt. No. 4820], finding that the relevant *Curtis* factors weighed in Hearn's favor. Similar to the relief sought by the Prospective Plaintiffs here, Hearn had requested relief from the automatic stay to pursue claims against the Utility allegedly arising out of the Utility's termination of his employment. Also like the Prospective Plaintiffs, Hearn sought such relief while simultaneously grieving his dismissal under the dispute resolution procedures provided for in the CBA. Based on the Court's Hearn Decision, the Debtors believe that the stay relief proposed in the Stipulation is appropriate.²

For these reasons, the Stipulation provides material benefits to the Debtors and their estates, has been authorized by the Debtors in the exercise of their business judgment, and is in the best interest of the Debtors, their estates, and their creditors. *See* Tsekerides Decl. ¶ 7.

V. NOTICE

Notice of motions to approve agreements to modify or terminate the automatic stay is governed by Bankruptcy Rule 4001(d)(1)(C), Bankruptcy Local Rule 9014-1(b)(3), and the *Second Amended Order Implementing Certain Notice and Case Management Procedures* entered by this Court

² The Debtors note that, while the analysis of the *Curtis* factors for purposes of assessing a request for relief from the automatic stay is similar as relates to Hearn and the Prospective Plaintiffs, many of the factual circumstances and legal theories relating to each those former employees' underlying individual claims against the Utility differ greatly from one another. The Debtors reserve all of their rights, arguments and defenses as relates to the underlying claims asserted, and to be asserted, by Hearn and the Prospective Plaintiffs.

1 on May 13, 2019 [Docket No. 1996].

2 Bankruptcy Rule 4001(d)(1)(C) specifies that notice of a motion such as this must be
3 served on any official committee and on any other entity that the Court directs. Notice here will be
4 given much more broadly than as required by that Rule. Notice of this Motion will be provided to
5 (1) the Office of the United States Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy
6 Laffredi, Esq.); (2) counsel to the Official Committee of Unsecured Creditors; (3) counsel to Official
7 Committee of Tort Claimants; (4) the Securities and Exchange Commission; (5) the Internal Revenue
8 Service; (6) the Office of the California Attorney General; (7) the California Public Utilities
9 Commission; (8) the Nuclear Regulatory Commission; (9) the Federal Energy Regulatory
10 Commission; (10) the Office of the United States Attorney for the Northern District of California;
11 (11) counsel for the agent under the Debtors' debtor in possession financing facility; (12) counsel for
12 the Prospective Plaintiffs; and (13) those persons who have formally appeared in these Chapter 11
13 Cases and requested service pursuant to Bankruptcy Rule 2002, or who, by virtue of their counsel
14 being registered electronic filers in this District, automatically receive this and other papers through the
15 Court's ECF system. The Debtors respectfully submit that no further notice is required. No previous
16 request for the relief sought herein has been made by the Debtors to this or any other court.

17 WHEREFORE the Debtors respectfully request entry of an order granting the relief
18 requested herein and such other and further relief as the Court may deem just and appropriate.

19 Dated: April 9, 2020

20 WEIL, GOTSHAL & MANGES LLP
21 KELLER BENVENUTTI KIM LLP

22 /s/ Theodore E. Tsekerides

23 Theodore E. Tsekerides

24 *Attorneys for Debtors and Debtors in Possession*